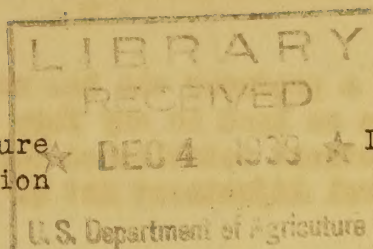


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United States Department of Agriculture
Agricultural Adjustment Administration



Issued November 22, 1939

INSTRUCTIONS AND PROCEDURE FOR COUNTY COMMITTEES
PERTAINING TO THE 1939 COTTON LOAN PROGRAM

The Agricultural Adjustment Act of 1938, as amended, provides that the Commodity Credit Corporation is authorized, upon recommendation of the Secretary and with the approval of the President, to make available loans on cotton. The Act also provides that the services, facilities, and personnel of the United States Department of Agriculture may be used in the administration of the cotton loan provisions. This includes the services of the State and County Agricultural Conservation Committee. It is important that these committeemen become fully familiar as early as possible with the "1939 Instructions Concerning the Making of Loans by Commodity Credit Corporation to Cotton Producers" (C.C.C. Cotton Form 1, Instructions 1939-40, issued by Commodity Credit Corporation) and the requirements and procedure pertaining to these loans.

Section 1. Persons Eligible.

Any person, partnership, association, or corporation producing cotton in 1939 in his capacity of landowner, landlord, tenant, or sharecropper may obtain a loan up to the full amount of his eligible cotton.

If a share tenant or sharecropper has an interest jointly with a landlord, cash tenant, or standing rent tenant, in cotton produced on a farm, such cotton may be placed under the loan in the name of the landlord, cash tenant, or standing rent tenant. In such case the landlord, cash tenant, or standing rent tenant agrees, upon signing the "Producer's Note and Loan Agreement" (C.C.C. Cotton Form A(1939-40)), that the share tenants and sharecroppers will receive their pro rata shares of the proceeds of the loan and any additional proceeds from the cotton.

If the cotton produced on a farm has been or may be divided among the producers on the farm, the landlord, tenants, and sharecroppers may each obtain a loan on his separate share, or two or more such producers may obtain a loan jointly as provided in section 6 of these instructions.

Section 2. Eligible Cotton.

Cotton to be eligible for a loan must have been produced in 1939 by or for the person desiring to obtain the loan. The person obtaining the loan must be the owner of the cotton, have the legal right to pledge the same, and the beneficial title thereto must be and must always have been in such person and must not have been assigned or transferred to any other party by way of assignment, sale, or option. A cooperator shall be entitled to obtain a loan at the rates specified in the instructions (C.C.C. Cotton Form 1 (1939-40)) on the full amount of his cotton produced by or for him in 1939. A noncooperator shall be entitled to obtain a loan at rates not in excess of 60 per centum of the rates applicable to cooperators on only that amount of cotton produced by or for him in 1939 which is in excess of his share of the normal or actual production, whichever is the greater, of the farm cotton acreage allotment established for 1939 under the provisions of the Agricultural Adjustment Act of 1938, as Amended.

A. A cooperator is a producer who has not knowingly planted or caused to be planted during 1939 cotton on land in any farm in which he has an interest in excess of the cotton acreage allotment established for 1939 for the farm pursuant to Section 344 of the Agricultural Adjustment Act of 1938, as amended, in connection with marketing quotas.

B. A noncooperator is a producer who has knowingly planted or caused to be planted during 1939 cotton on land in any farm in which he has an interest in excess of the cotton acreage allotment established for 1939 for the farm pursuant to Section 344 of the Agricultural Adjustment Act of 1938, as amended, in connection with marketing quotas.

In determining whether or not a producer is a cooperator or noncooperator, the provisions of section 16(e) of ACP-1939 (Rev.), "1939 Agricultural Conservation Program Bulletin," and any instructions issued with regard thereto shall apply.

Section 3. Producers Receiving White Marketing Cards.

Any producer to whom a white marketing card (form Cotton 311) not marked "Penalty Secured" or "One Thousand Pounds" was issued shall be deemed to be a cooperator and may obtain a loan on cotton produced by or for him in 1939, without obtaining the approval of the County Agricultural Conservation Committee (hereinafter referred to as the County Committee), and the white marketing card issued to him shall be sufficient evidence that such producer is a cooperator.

Section 4. Producers Receiving White Marketing Cards (Forms Cotton 311) Marked "Penalty Secured" or "One Thousand Pounds" or Red Marketing Cards (Forms Cotton 312) or No Marketing Cards.

A. Any producer who received a white marketing card (form Cotton 311) marked "Penalty Secured" or "One Thousand Pounds" or a red marketing card (Form Cotton 312) or no marketing card shall, if he is a cooperator, be eligible to obtain a loan on all cotton produced by or for him in 1939 or, if he is a noncooperator, shall be eligible to obtain a loan only on that amount of cotton produced by or for him in 1939 which is in excess of his share of the normal or actual production, whichever is the greater, of the farm cotton acreage allotment established for 1939 under the provisions of the Agricultural Adjustment Act of 1938, as amended. As evidence of such producer's eligibility, section 10(a) or 10(b), whichever is applicable, of the Certificate of County Agricultural Conservation Committee contained in the Producer's Note and Loan Agreement (C.C.C. Cotton Form A (1939-40)) must be executed by a member of the County Committee of the county in which the producer was engaged in cotton production in 1939. Before executing a Producer's Note and Loan Agreement any such producer may ascertain from the County Committee whether he is a cooperator or noncooperator. Upon request of any such producer the County Committee shall forthwith determine whether such producer is a cooperator or noncooperator within the county.

A lending agency will not accept a C.C.C. Cotton Form A (1939-40) executed by any producer to whom a white marketing card (Form Cotton 311) marked "Penalty Secured" or "One Thousand Pounds," or a red marketing card (form Cotton 312) or no marketing card was issued unless section 10(a) or 10(b) of such form is executed by a member of the County Committee. No lending agency will accept a C.C.C. Cotton Form A (1939-40) executed by a producer on the basis of a blue marketing card (form Cotton 314) issued to such producer nor shall the County Committee execute section

10(a) or 10(b) of such form because of the blue card, since such card was issued with respect to carryover penalty cotton produced prior to 1939.

B. If the County Committee finds that such producer is a cooperator, a member of the committee acting for the committee shall sign the certification in the space provided in section 10(a) of the Producer's Note and Loan Agreement.

C. If the County Committee finds that the producer is a noncooperator, it shall determine the amount of cotton produced in 1939 within the county by or for such producer which is in excess of his share of the normal or actual production, whichever is the greater, of the farm cotton acreage allotment. This amount of cotton is the excess of such producer's share of the cotton produced on the farm in 1939 over such producer's share of the final farm marketing quota as finally determined for the farm for 1939 less any carry-over cotton on hand which, if marketed, would not be subject to penalty. If the producer has an interest in two or more farms in the county, his eligible cotton shall be the sum of his shares of the eligible cotton produced on each of such farms. This amount of cotton may be obtained by subtracting the entry for such producer in column 46 from the entry for such producer in column 33 of form Cotton 317 for each of such farms in the county in which the producer has an interest as a cotton producer and for which a form Cotton 317 is executed. If the committee has determined that the total amount of cotton which is eligible for a loan to the producer has been correctly reflected by entries on form Cotton 317, a member of the committee shall:

(1) Examine the records of the office of the Secretary of the County Agricultural Conservation Association to ascertain the amount of cotton previously certified for the producer as eligible for a loan on C.C.C. Cotton Form(s) A (1939-40);

(2) Deduct the amount of cotton previously certified for the producer as eligible for a loan from the total amount of eligible cotton; and

(3) Execute section 10(b) of C.C.C. Cotton Form A (1939-40) executed by the producer, provided only that the total weight of the cotton shown in the "Schedule of Warehouse Receipts" contained in C.C.C. Cotton Form A (1939-40) does not exceed the amount obtained by deducting cotton previously certified as eligible for a loan to the producer from the total amount of eligible cotton.

Section 5. Direct Loans.

In case a producer desires to obtain a loan direct from the Commodity Credit Corporation rather than from a local lending agency (for definition of lending agency see section 1(d) of C.C.C. Cotton Form 1, Instructions 1939-40), the Producer's Note and Loan Agreement executed by the producer must be approved by a member of the County Committee. The committee's approval is to be indicated, as in section 4 hereof, by a committeeman executing section 10(a) or 10(b), whichever is applicable, of the Certificate of County Agricultural Conservation Committee contained in the producer's Note and Loan Agreement (C.C.C. Cotton Form A (1939-40)) executed by the producer.

Section 6. Joint Loans.

Two or more producers on the same farm may execute loan forms jointly provided that all such producers are cooperators or all such producers are noncooperators.

A cooperator and a noncooperator may not execute loan forms jointly.

(1) Where the producers executing loan forms jointly are cooperators and one of such producers was issued a white marketing card (form Cotton 311) marked "Penalty Secured" or "One Thousand Pounds" or a red marketing card (form Cotton 312) or no marketing card, it will be necessary for the Producer's Note and Loan Agreement executed by such producers to be approved as provided in subsection B of section 4 hereof.

(2) Where the producers executing the loan forms jointly are noncooperators it will be necessary for the Producer's Note and Loan Agreement executed by such producers to be approved as provided in subsection C of section 4 hereof, which approval shall be made only after the amount of eligible cotton has been determined for each producer. In no event shall a noncooperator obtain a loan on more than his individual share of the eligible cotton. The Producer's Note and Loan Agreement shall be approved only if the total weight of the cotton shown in the "Schedule of Warehouse Receipts" does not exceed the amount obtained by deducting cotton previously certified as eligible for loans for all such producers from the total amount of eligible cotton.

Section 7. Landlords of Standing or Fixed-Rent Tenants.

Any person receiving cotton in payment of standing or fixed-rent in 1939, who is not also engaged in producing cotton in 1939 as landlord, tenant, or sharecropper, shall not be entitled to obtain a loan on such cotton. If any such person is also engaged in producing cotton in 1939 as landlord, tenant, or sharecropper, he shall, if he is a cooperator, be entitled to obtain loans on all cotton produced by or for him in 1939 but not including cotton acquired by him in payment of standing or fixed-rent, or, if he is a noncooperator, he shall be entitled to obtain loans on only that amount of cotton which is in excess of his share of the normal or actual production, whichever is the greater, of the farm cotton acreage allotment.

The terms "landlord", "landowner", "tenant", and "sharecropper" as used in these instructions shall have the same meaning as accorded to such terms in the "1939 Agricultural Conservation Program Bulletin" (ACP-1940).

Section 8. Records.

It shall be the duty of the County Committee to cause to be maintained in the office of the Secretary of the County Agricultural Conservation Association a record of loans with respect to which a certification is made for each producer who is a noncooperator, which record shall contain the following:

- (1) The name and address of the producer.
- (2) The serial number(s) of the farm(s) in which the producer has an interest in 1939.
- (3) The producer's share of the amount of cotton which is in excess of the normal or actual production, whichever is greater, of the farm cotton acreage allotment.
- (4) The amount of cotton pledged as security for each Producer's Note and Loan Agreement (C.C.C. Cotton Form A (1939-40)) executed by the producer which is approved for the County Committee by a member thereof signing section 10(b) of the Producer's Note and Loan Agreement.

